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OFN Applauds Treasury/SBA Announcement on Expanded CDFI Role in the PPP

The dedicated \$10 billion will enable CDFIs to make more PPP loans

WASHINGTON, DC (May 28, 2020) — Very small, rural, women and minority-owned businesses across the country will now have a better chance of receiving desperately needed funds to continue operations, thanks to the May 28 announcement by the U.S. Treasury and Small Business Administration (SBA). The Administration is setting aside \$10 billion in PPP funding for CDFIs (community development financial institutions) to lend in the low-wealth markets where they operate.

These institutions provide funding to small businesses that are traditionally underserved by mainstream banks, and Opportunity Finance Network (OFN), the national association of CDFIs, has been leading the charge to ensure PPP funds get to where they are needed most.

In a letter dated April 27 to Secretary Treasury Steve Mnuchin, OFN noted, "Reserving \$10 billion to CDFIs is the only way to ensure that businesses of color have access to this lifeline before the money runs out."

"The Paycheck Protection Program won't reach very small, rural, minority and women-owned businesses if you don't empower the lenders that specialize in serving these customers. I welcome the announcement earlier today that \$10 billion in PPP funding will be reserved for CDFIs to lend in the low-wealth communities where CDFIs operate," said Lisa Mensah, president & CEO of OFN.

CDFIs in OFN's membership report that their customers are:

- 85 percent low-income,
- 58 percent people of color,
- 48 percent women
- 26 percent rural.

This dedicated PPP funding will allow CDFIs to reach out to small businesses and nonprofits that may lack a relationship with a mainstream bank.

"Minority Depository Institutions, many of which are also CDFIs, reach many underserved businesses. I would encourage the SBA and Treasury to set aside an additional amount of PPP funding for MDIs reaching underserved businesses." Mensah added.

There are more than 1,100 CDFIs in all 50 states, the District of Columbia, and Puerto Rico. CDFIs work on the ground and target their finance for underserved populations.

CDFIs have decades of experience lending in all economic conditions and respond with expertise and agility in the face of natural disasters, economic downturns, predatory lenders and climate change. They are front-line financial responders and have helped businesses in the wake of the 9/11 attacks, Hurricane Sandy, Hurricane Harvey and now, amid COVID-19.



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About OFN

Opportunity Finance Network (OFN), a leading national network of CDFIs (community development financial institutions), strives to ensure low-income and other under-resourced communities have access to affordable, responsible financial products and services. Members of OFN are CDFIs that deliver responsible lending to help low-income communities join the economic mainstream.

Through 2018, OFN's network originated \$74.2 billion in financing in rural, urban, and Native communities. This financing has helped to create or maintain more than 1,560,000 jobs, start or expand more than 419,177 businesses and microenterprises, and support the development or rehabilitation of 2.1 million housing units and more than 11,500 community facility projects. For more information, visit www.ofn.org.